

Services Division

Committee on China

Committee Minutes - 180th Meeting - 7 October 1958 25X1A9a

D/S Representatives:

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Guests:

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1. Mr. [REDACTED] S/TR, pointed out that the "leap forward" in economic development during 1958 had placed an extremely heavy burden on the transportation system of Communist China. Serious difficulties began several months ago and became worse during September. Peking reported that the September freight loading plan for the railroads came to only a little over 70 percent of the nation's needs. The rail lines have been laboring under immense tasks, and yard capacity has not been up to the increased demands. In order to cope with the situation, the authorities launched a mass movement to send all available workers to railway stations to help handle freight. During the last quarter of 1958 railway workers have been asked to load an average of 35,000 to 45,000 freight cars per day.

COMMENT: It was the general consensus of those present at the meeting that continuation of the transportation difficulties would affect accomplishment of the "leap forward" goals, in spite of the fact that a considerable amount of the increased production will be used for local consumption.

2. According to an official announcement, the 1958 soybean crop of Communist China amounted to 12 million tons, an increase of 1.5 million tons over 1957. An average of 10 to 15 percent of the total soybean production is exported annually, accounting for 8 to 10 percent of the total value of all commodities exported from China.

COMMENT: This suggests the possibility of China placing a substantially higher quantity of soybeans on the international markets in the near future.

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M/AG

3. The Chinese Communists apparently are taking advantage of what they consider to be the bottom of the charter market to hire a number of ships for some months to come at present prices.

COMMENT: The significant factor in this regard is not so much the number of ships chartered as it is the growing use of time charters in

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place of voyage charters. Under a time charter the party hiring the ship pays fuel and port charges, and there are many other varying cost arrangements depending on the terms of the specific charter. Thus, a comparison of costs of voyage charters and time charters to the Chinese is extremely difficult to make. There are significant economic reasons to explain the degree of chartering activity, and thus there is no apparent connection with the crisis in the Formosa Strait.

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Agenda: The next regular meeting will be 21 October, at 1400, Room 1121 M.  
Current items will be discussed.

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